

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6679

BILL NUMBER: HB 1196

NOTE PREPARED: Jan 28, 2014

BILL AMENDED: Jan 28, 2014

SUBJECT: Construction Managers as Constructors.

FIRST AUTHOR: Rep. Truitt

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill authorizes state educational institutions to employ construction managers as constructors for certain construction projects.

Effective Date: July 1, 2014.

Explanation of State Expenditures: (Revised) *Summary* - This bill would allow state educational institutions to employ CMc contracts for the construction, remodeling, rehabilitation, or repair of buildings or other facilities owned by the institutions. To the extent that CMc contracts are entered into, savings in expenditures could occur.

(Revised) *Additional Information* - CMc (also known as Construction Manager at Risk) construction projects generally require a commitment by the construction manager to deliver a project within a guaranteed maximum price (GMP). The construction manager must manage and control construction costs so that they do not exceed the GMP because the construction manager would have to cover any additional costs if they occur.

This bill provides that the GMP may be established in the CMc contract, and the contract may describe whether the CMc and state educational institution agree to any cost overrun or delay damages or early completion incentives.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State educational institutions.

Local Agencies Affected:

Information Sources:

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